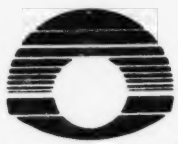
MANITOBA TELEPHONE SYSTEM



75 years of service . . . 1908-1983

MANITOBA TELEPHONE SYSTEM

[illegible] Empress St., Winnipeg, Manitoba

Since 1908

ANNUAL REPORT

for the fiscal year ended March 31, 1983

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MANITOBA TELEPHONE SYSTEM

THE HONOURABLE JOHN S. PLOHMAN
Minister Responsible for
The Manitoba Telephone Act

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Assistant General Manager

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R.F. TINKLER
A/Director of Operations

R.C. VANNEVEL
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A/Product Development Manager

J.K. BEATTY
General Counsel

D.L. DELGATTY
General Regional Manager—Western

B.A. GORDON
Corporate Information Systems Manager

M.D. GREEN
Chief Engineer

J.W. JAREMA
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A/General Plant Manager

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J.R. MILNE
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Personnel Manager

M.J. PROVENCHER
Operating Officer MTX

F.H. SUTER
General Commercial Manager

G.P. WILSON
General Regional Manager—Northern

GENERAL MANAGER'S OFFICE

R.H. BALLANCE

H.J. NAULT

G.S. SMITH

CHAIRMAN'S REPORT

Saul Miller

During the past year, it has been my pleasure to participate in a number of events held to commemorate the 75th anniversary of the Manitoba Telephone System. It is with some pride that the people of Manitoba can look back on the accomplishments of their telephone company in creating the communications facilities which have served our Province so well for 75 years.

From the 1920s through the 40s, Manitoba's basic telephone network was extended from the cities and towns to the rural areas of the Province. Through subsequent periods of growth, MTS responded by adding equipment and facilities to meet the needs of its customers. For the last 30 years, MTS has been constantly revamping and improving Manitoba's telecommunications networks; bringing automatic local dialing to smaller communities, installing equipment to allow direct dialing of long distance calls, adding microwave and satellite facilities in remote Northern communities, burying its lines and cables to increase the reliability of its network and adding new equipment to improve multi-party service in rural areas.

As new communications technology has emerged, MTS engineers and managers have looked for the best means of applying it to Manitoba's conditions in order to meet its customers' requirements.

This constant growth and improvement in MTS facilities was made possible by the increasing use of the network by Manitobans. For example, long distance revenues for MTS grew at a dynamic rate over the decades: 1950, $2.5 million; 1960, $8 million; 1970, $29 million; 1980, $119 million.

Through the expansion in customer use of its services, particularly long distance and business services, MTS managed to maintain relatively stable basic rates while supporting the growth and maintenance of its network.

As we saw this year, however, a slowdown in the use of telecommunications services, caused by a national economic downturn, and which affected the industry nationally, has had an effect on MTS' ability to maintain its revenue requirements. In the summer of 1982, when this slow growth became apparent, MTS instituted internal economies which allowed it to recover financially by the end of the fiscal year.

MTS long distance and business services, which support its basic residential service, continue to be threatened not only by slow growth in the economy, but also by competitive forces arising in other jurisdictions.

MTS is undertaking to find new uses for its network and new ways of marketing its existing services to secure its revenue base.

Given the emerging economic, financial, and competitive challenges, MTS management and staff face a difficult period as they strive to maintain low basic rates while meeting the growing expectations of Manitobans for improved services.

It is a challenge that I am sure will be met with the same initiative and dedication that have characterized the first 75 years of the Manitoba Telephone System.

S. D. Miller

Chairman of the Board

GENERAL MANAGER'S REPORT

Gordon Holland

During the year, MTS was confronted with financial difficulties which saw long distance revenues increase by 4.5 per cent in contrast to an 11 per cent increase in 1981-82. The slower rate of growth in important long distance revenues was attributable to a generally stagnant economy across Canada.

MTS reacted to this decline in projected revenues by undertaking a series of internal economies in order to keep its expenses in line. Some $10 million was deleted from the 1982-83 capital budget, with some construction projects delayed or cancelled. Stringent cost containment measures were implemented including a hiring freeze, reductions in overtime, travel restrictions and redeployment of staff.

These measures, assisted by improvements in the value of the Canadian dollar and a decline in interest rates, enabled MTS to conclude the year with $3.5 million in net revenues. This compares with net income of $6.2 million and $13.4 million in the years ending March 31, 1982 and March 31, 1981 respectively.

MTS had applied for a rate increase in March, 1982. New rates were approved by the Public Utilities Board of Manitoba on July 9, 1982, although the increase averaged 10 per cent in contrast to the requested increase of 16 per cent.

During the year, MTS spent $111 million in capital projects, bringing the total investment in Manitoba's telecommunications network to $977.6 million.

Operating revenues rose 7.2 per cent during the year to reach $262 million; operating expenses increased by 9.1 per cent to $214 million.

In 1981, MTS officially completed a $34 million rural service improvement program, under which some 45,200 customers benefitted through a reduction in multi-party line loadings to no more than four per line (with an average of 2.8). As well, individual line service was provided to another 13,400 customers in 193 communities under another aspect of the program.

Subsequently, MTS had continued to maintain its multi-party line loading objective of an average of 2.8 customers per line. This is an ongoing challenge for the System, since there is always considerable movement of customers on multi-party lines; this year, MTS connected over 6,000 multi-party services and disconnected over 4,000.

Despite the financial constraints imposed by MTS this year, the System continued to extend and improve service throughout the Province, and introduce innovative new services to Manitobans.

Through satellite technology, reliable telephone service was provided for the first time to the remote Manitoba communities of Brochet, Lac Brochet, Tadoule Lake, and Shamattawa. Radiotelephone service, which is subject to interference by weather conditions, was previously the mainstay of communications for residents of these communities. Now, an Anik satellite relays their messages while the satellite ground stations in the communities also receive CBC television, available for the first time.

Local dial telephone service and improved long distance service were brought to 10 other communities in a $3.6 million program. The communities of Jackhead, Pine Dock, Matheson Island, Little Black River, Sherridan, Paungassi, Split Lake, York Factory, Anama Bay, and God's River previously had limited communications service, in most cases a single pay station.

During the year, the convenience of direct distance dialing was brought to an additional 12 Manitoba communities. Customers in San Clara, Minitonas, Bowsman, Pine River, Camperville, Waterhen, Ochre River, Pleasant Valley, Mafeking, Barrows, Sifton, and Cowan now join the 99.6 per cent of Manitobans who can dial their own long distance calls.

The following pages of this Annual Report describe the volume and variety of services provided by MTS. In 1982-83 the use of these services by Manitobans continued to increase. Manitobans made 1.42 billion local calls during the year along with 69.3 million long distance calls. A total of 8,671 main telephones were added to Manitoba's network, bringing to 457,148 the number of main telephones in service by the end of the fiscal year.

MTS Phone Centres remain popular with Manitobans as demonstrated by 1.5 million customer visits to MTS' 17 Phone Centres during the year. Our customers like the convenience of shopping for their telephone service in person, as well as having bill payment and telephone set repair service readily available to them.

Revenues from other services provided by MTS continued to grow. For example, revenues from data communication services provided by MTS rose to $16 million during 1982-83, an increase of 23 per cent over last year. As well, revenues from MTS Yellow Pages directories grew to $13.3 million this year, as business customers found the Yellow Pages an increasingly important marketing medium. MTS now publishes 14 directories, including 10 regional directories serving the distinctive market areas of the Province.

Coaxial cable facilities were added during the year in Beausejour, Grandview, Gilbert Plains, Virden, Birtle, Melita, Russell, Killarney, MacGregor, Steinbach, Lynn Lake, and Thompson, permitting the extension of cable television service to these communities. Almost 75 per cent of Manitoba households now have cable television service available to them.

The System continued to extend its mobile telephone services during the year, adding Public Mobile base stations at Kelsey, Haywood, Wabowden, The Pas and Wee Lake. These additions brought to 46 the number of mobile base stations in Manitoba, providing 60 radio channels to 2,826 customers. Many of these base stations also permit the introduction or improvement of telephone service for remote settlements and recreational areas, which can gain access to the telephone network through fixed mobile sets.

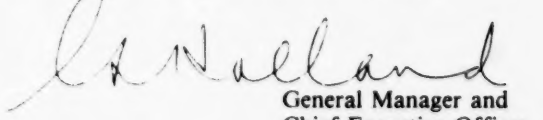
MTS is continuing to integrate the new technologies into Manitoba's telecommunications network. This year, 65 kilometres of fibre optic cable was put in place by MTS, to be used as high capacity carriers between switching offices. Their small size and immense carrying capacity makes fibre optics technology ideal for this application.

New digital central office switches were installed during the year in downtown Winnipeg and in Portage la Prairie. Digital switches are the latest advance in switching technology and require less maintenance, are more compact and allow the introduction of Custom Calling features, such as call forwarding and speed calling.

In an effort to meet the expanding needs of Manitobans for communications services and to generate new revenues to help support the existing telephone service, MTS introduced several new products and services during 1982-83. Hello Central, inaugurated in Winnipeg in the Fall of 1982, is a voice messaging service that allows customers to send, record and edit voice messages using a central computer. The TransCanada Telephone System is sponsoring the trial of this service in Manitoba. Last year, MTS introduced Envoy 100, an electronic store-and-forward messaging service that allows users to send and receive messages on a display screen. Envoy 100 has been enhanced this year with the addition of EnvoyPost. This new service, offered in conjunction with the other members of the TransCanada Telephone System and Canada Post Corporation, enables users of Envoy 100 to send messages to terminals in post offices in 20 major Canadian cities, where they can be printed and delivered the same or next business day.

The Manitoba Telephone System marked its 75th Anniversary during the 1982-83 fiscal year — 75 years of growth as MTS met the expanding demands of Manitobans for communications services. It is interesting to compare MTS today to what it was five years ago, in 1979: revenues were $170 million compared to $262 million this year; assets rose from $676 million to $977 million; the number of main telephones in service increased from 417,000 to 457,000; while the number of employees declined from 4,635 to 4,499. Throughout this period, MTS rates continued to compare favourably with those of other telephone companies, remaining among the lowest in Canada.

The continued efforts by MTS staff to maintain quality service and to enhance and expand Manitoba's telecommunications services in the face of internal economic constraints must be noted. Their commitment and resourcefulness in response to the economic downturn was a significant factor in the achievement of financial stability within MTS.



General Manager and
Chief Executive Officer

HIGHLIGHTS OF THE REPORT

EXPANSION OF SERVICES

- 8,671 main telephones were added to the network to total 457,148
- Long distance calls rose four per cent to total 69.3 million
- Direct Distance Dialing introduced in 12 Manitoba communities
- ANI service provided to five additional exchanges
- Improved telephone service introduced to four remote communities through satellite facilities

CONSTRUCTION TO MEET DEMAND

- 2,581 kilometers of wire and cable buried
- 65 kilometres of fibre optic cable added to the network
- Local coaxial cable facilities completed in eight communities

FINANCIAL

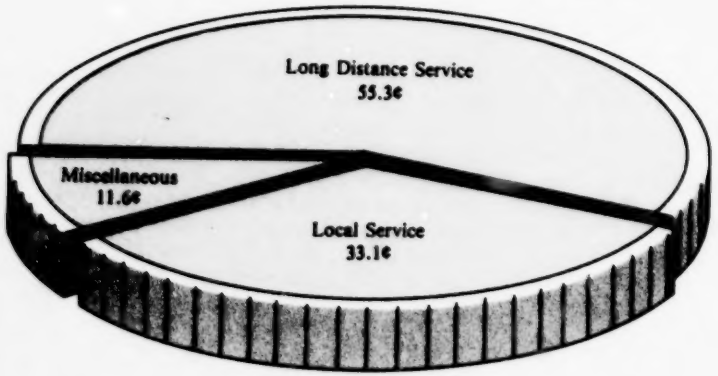
	1983	1982
• Capital expenditures	**$111,131,000**	$103,692,000
• Value of telephone plant	**977,610,000**	879,863,000
• Operating revenues	**262,268,000**	244,554,000
• Operating expenses	**214,728,000**	196,807,000
• Other revenues	**14,273,000**	11,832,000
• Debt charges	**58,306,000**	53,397,000
• Net revenue	**3,507,000**	6,182,000

OUTLOOK FOR COMING YEAR

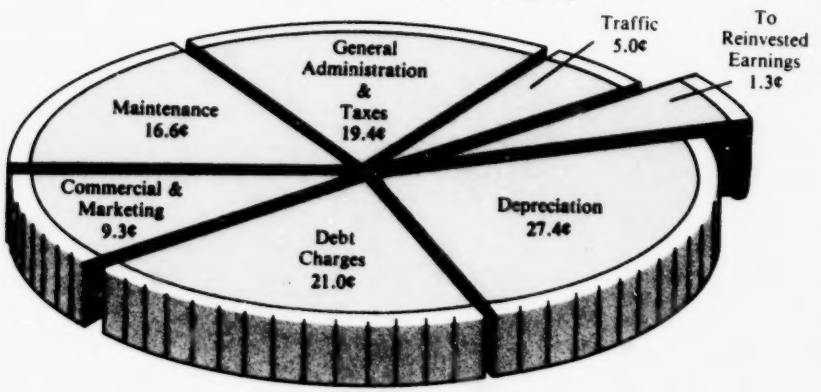
- Forecast capital expenditures of $110,000,000
- Introduction of program to expand local calling areas

THE MTS DOLLAR FOR THE YEAR ENDING MARCH 31, 1983

WHERE EACH DOLLAR CAME FROM



WHERE EACH DOLLAR WENT



FINANCIAL

The MTS' financial planning for 1982/83 was predicated upon implementation of a general rate increase early in the fiscal year, in consideration of the level of inflation being experienced in the System's operating expenses and slowing revenue growth. A requested increase was implemented on July 15, 1982, which resulted in additional revenues of $8,300,000 for the fiscal year.

By August, however, the state of the Canadian economy in 1982/83 had significantly impacted a principal revenue source, long distance revenues. Given the downturn in revenue, MTS introduced special controls over travel, overtime and hiring during the summer of 1982, and deferred approximately $10 million of capital expenditures. These measures resulted in significant savings in operating expense. Moderating interest rates, a strengthened Canadian dollar and capital expenditure reductions also resulted in major reductions in debt charges from forecast levels. As a consequence of these actions and changes, MTS was able to achieve a positive net income for the fiscal year.

Net revenues for 1982/83 totalled $3,507,000 compared with $6,182,000 for the previous year. Revenues from all sources amounted to $276,541,000, an increase of 7.9 per cent, whereas total expenses increased by 9.1 per cent to reach $273,034,000.

Long distance service provided 59 per cent of the System's operating revenues and, at $154,024,000, increased by $6,683,000 over 1981/82. Sixty-five per cent of the System's long distance revenues were derived from the provision of inter-provincial and international services undertaken in conjunction with the other member companies of the TransCanada Telephone System.

Local revenues increased by $8,573,000 to reach $92,301,000. Miscellaneous revenues increased by $2,379,000 with the majority of the gain coming from directory advertising revenues. Other revenues increased by $2,441,000 with 71 per cent of the gain being attributable to interest earned on investment.

Depreciation of telecommunications property totalled $75,838,000, an increase of $7,062,000 compared to the previous year. Maintenance and operation of the network required the expenditure of $59,650,000 while the Commercial, Marketing, General and Administration costs amounted to $73,132,000. Total operating expenses increased 9.1 per cent to $214,728,000.

Debt charges were $58,306,000 for the year, up $4,909,000 from 1981/82. Interest on long term debt increased by $7,187,000 to $51,968,000. Other interest expense and debt charges were up $664,000. Amortization of projected foreign currency losses amounted to $2,626,000, down $2,942,000 from the previous year, reflecting continued improvement in the relationship of the Canadian dollar to the foreign currencies at year end.

New borrowings during the year consisted of $4,800,000 in short term notes, $2,500,000 mortgage and $65,000,000 in advances from the Province. Long term debt of $4,900,000 was retired during the year with $341,000 of the repayment being provided by the Sinking Fund. Contributions to the Sinking Fund of $6,835,000 were made as required under the Manitoba Telephone Act. The investment fund was established in 1980, primarily to make provision for anticipated foreign exchange losses on long term borrowing denoted in foreign currencies. During the current year the fund provided $1,985,000 to cover foreign exchange premiums in Province of Manitoba advances which were retired and $4,000,000 was appropriated to the fund, resulting in a year-end balance of $29,732,000 for the fund.

New telecommunications property added during the year amounted to $111,131,000, an increase of $7,439,000 over the previous year. Total property value as at March 31, 1983 was $977,610,000 and represents an average investment in Plant per main telephone of $2,138.

The System's investment in MTX Telecom Services Inc. as at March 31, 1983 was $1,977,025, which consisted of 60,001 common shares at a value of $1,500,025 and net operating advances of $477,000.

CUSTOMER SERVICES

Manitobans continue to rely heavily on telecommunications services in their work and personal lives, as indicated by the number of local and long distance calls placed in 1982-83. A total of 1.42 billion local calls were made, an increase of 2.3 per cent, while the number of long distance calls rose four per cent to 69.3 million.

In order to provide customers with the high-quality telecommunications service they have come to expect, MTS has continued to improve and refine its telecommunications network. During the past year, MTS invested $111 million in the capital construction program, an increase of about $7 million from the previous year.

In 1982-83, individual line service was extended to some 500 customers in 12 small communities where previously multi-party service was the standard offering. This is an on-going program with additional communities scheduled to receive service as they qualify under the population density criteria set out by the System.

Since completion of the $34 million Rural Service Improvement Program in 1981, which improved service for 58,000 customers, the goal of a maximum of four customers per multi-party line is being administered. While four is the maximum goal, the System achieved an average of 2.8 customers per multi-party line during the fiscal year 1982-83.

Some 99.6 per cent of MTS' customers can now dial their own long distance calls. Approximately 86 per cent of the long distance calls made in 1982-83 were completed by Direct Distance Dialing, indicating its convenience to customers. This fiscal year Direct Distance Dialing was introduced to customers in 12 additional communities: San Clara, Minitonas, Bowsman, Pine River, Camperville, Waterhen, Ochre River, Pleasant Valley, Mafeking, Barrows, Sifton, and Cowan.

In addition, Direct Dialing Overseas (DDO) and Zero Plus (0+) are available to 75 per cent of MTS customers. DDO enables customers to dial their own overseas calls to some 50 countries, while 0+ permits customers to dial their own collect, person-to-person, credit card calls,

calls billed to another number and calls that require time and charges information.

Equipment that automatically records a customer's number when a long distance call is made now serves 86 per cent of Manitoba's telephones. In 1982-83 customers in Stony Mountain, Grand Rapids, Easterville, Manitou, and Cross Lake received Automatic Number Identification (ANI) capability. ANI reduces the possibility of billing errors and fraudulent billing.

While currently only customers with single-line and two-party service are provided with ANI capability, a trial that tests the feasibility of ANI for customers on multi-party lines began in Beausejour in January, 1983. The trial is the first of its kind in Canada involving an entire exchange area.

IMPROVEMENTS TO THE SYSTEM

In order to provide customers with various service improvements, a total of 2,581 kilometers of buried wire and cable were added to the network in 1982-83. At the same time, the amount of aerial wire was reduced by 1,050 kilometers. In keeping with the System's program to bury plant facilities, 94.1 per cent of Manitoba's telephone wire and cable were underground as of March, 1983.

A new MTS facility, the Provincial Services Control Centre, uses 20 Telidon units to monitor the status of various elements of MTS communications facilities across the Province. Remote alarms at distant switching offices and microwave transmission sites are fed back to MTS computers at Winnipeg's Fort Rouge Building. The Telidon technology is used to depict, through constantly updated graphs and displays, the exact status of each element of the network. Largely completed in 1982-83, the Provincial Services Control Centre enhances MTS' ability to ensure the reliability of Manitoba's telecommunications network.

NORTHERN SERVICE

MTS retains its commitment to improving telephone service for customers in Northern Manitoba and in 1982-83 took several major steps towards this goal.

In the Fall of 1982, significant service improvements were made in the communities of Brochet, Lac Brochet, Tadoule Lake, and Shamattawa. Formerly, these communities had access only to northern radiotelephone service. Single channel toll service is now being provided via the Anik satellite. The cost to establish this service was $200,000, with an additional $420,000 annually in operating costs. CBC-TV service has also been introduced to Shamattawa and Brochet through MTS satellite receiving facilities.

Three thousand customers in ten remote communities have benefitted from a $3.6 million program largely completed in 1982-83. The program involved the provision of local dial and long distance service to Jackhead, Pine Dock, Matheson Island, Little Black River, Sherridon, Paungassi, Split Lake, York Landing, Anama Bay, and God's River. Previously, these communities had limited communications service, in most cases a single pay station.

Other service improvements for Northern Manitoba undertaken during the past year include the opening of a mini-Phone Centre at Cross Lake on a trial basis and the introduction of TouchTone service in Thompson, Flin Flon, and The Pas.

During the year, a trial of the Fire Reporting Emergency Dispatch (FRED) system was successfully completed in The Pas. Designed to improve response time to fires by a town's volunteer firefighters, the MTS-developed system utilizes pocket-sized pagers carried by individual firemen and the services of an MTS operator who alerts them in the event of a fire. As a result of the trial, The Pas has adopted the system on a permanent basis and Lynn Lake began using a FRED system in March, 1983.

The System's Provincial Services Control Centre (PSCC), which monitors the status of Manitoba's telephone network on a 24-hour basis from a single location, was completed in March, 1983. The PSCC will greatly improve MTS's network surveillance function.

NEW PRODUCTS AND SERVICES

Alert to the needs of Manitoba businesses for telecommunications products and services which reduce costs and increase efficiency, the MTS is constantly evaluating new services. Rapidly-evolving technologies have facilitated the introduction of numerous new computer and voice communications services during the past year.

Manitoba's first voice message-handling service was introduced in the Fall of 1982. Called Hello Central, the computerized service enables users to send, record, and edit voice messages. A TouchTone telephone provides access to the service. Currently offered to Winnipeg businesses, Hello Central has the potential to improve productivity by eliminating "telephone tag," reducing office interruptions, providing after-hours telephone coverage, and reducing costs of memos and letters. The TransCanada Telephone System is sponsoring the trial of this service in Manitoba. As a result of the trial, MTS and the other TCTS member companies will benefit from increased knowledge of customer requirements.

A direct dial teleconferencing service, requiring no operator involvement, was made available to Manitoba businesses in October, 1982. By renting the Conference 300 service on a monthly basis, a significant user of teleconferencing can reduce costs substantially as well as enjoy the flexibility of a private teleconference service.

Also, in the Fall of 1982, MTS introduced a cost saving service for businesses which depend on frequent long distance calling within Manitoba. A new variation of wide area telephone service, Circle OUTWATS provides a fixed number of hours of outgoing calling at a flat rate. Rates are based on circular mileage zones radiating from the customer's local telephone switching office.

Jointly introduced by the member companies of the TransCanada Telephone System and Canada Post Corporation, EnvoyPost is a new electronic mail service enabling users of the Envoy 100 electronic messaging service to send messages to terminals in Post Offices in 20 major Canadian cities. The message is printed and delivered the next business day.

Manitoba data customers now have access to a third digital data service in addition to Dataroute and Datapac. Jointly offered by MTS and the other member companies of the TransCanada Telephone System, Datalink is a pay-as-you-use national data service available to customers in Winnipeg, Brandon, and Thompson.

MTS also introduced its first integrated voice and data terminal in 1982-83. The desk-top Displayphone terminal can be used to gain access to remote data bases and services such as Envoy 100 electronic messaging, serving as well as a business telephone terminal.

The FAST emergency reporting service, introduced in Winnipeg in 1981, was extended to Brandon and Selkirk in September, 1982. Using the existing telephone network, FAST is operated by private alarm companies. The companies, in turn, offer it to homes, apartments, and businesses for 24-hour fire, intrusion or medical emergency reporting.

During the past year, MTS installed a computer-based communications system for Winnipeg Transit. The system enhances passenger and driver safety by providing constant contact between Transit's Osborne Street control centre and mobile radios installed in each of Winnipeg's 535 buses.

To familiarize residential as well as business customers with the variety of products MTS offers, the first Home and Business Telecommunications Catalogue was included in the 1982 Winnipeg and Provincial Directories.

Conference 300, a direct dial meeting service, allows users to dial into a "Meet Me" bridge and hold an audio meeting without leaving the office.

FIBRE OPTICS

During the past year, some 65 kilometres of fibre optic cable was installed in the Province. This work was part of a 130-kilometre fibre optics network, scheduled for completion by the end of 1983, which will link several Winnipeg exchanges and nearby communities.

Improved toll service, the potential for broadband services, and highly accurate data transmission are some of the benefits resulting

from fibre optics for customers in the Inkster, Sherbrook, Charleswood, Fort Rouge, Main, and Gateway central offices in Winnipeg and the Stonewall, Beausejour, Hazelridge, Stony Mountain, and Oakbank exchanges.

In a fibre optic transmission system, voice and broadband services travel over hair-thin glass fibres in the form of light signals generated by a laser. Fibre optic trunk systems are more economical than copper cable because of their significant capacity, making them suitable for today's needs, and efficient for the growing telecommunications needs of the future.

Fibre optics are also being utilized successfully as a local distribution network to the customers' homes in the Elie-St. Eustache Fibre Optics Field Trial which was inaugurated in October, 1981. The trial provides 150 participants in the Elie-St. Eustache area with a number of communication services operating over one local fibre optics network. These include individual line TouchTone telephone, cable television (provided on a commercial basis by the local licensed operator), FM radio and Telidon.

Until March 31, 1983, the trial was jointly sponsored by the Federal Department of Communications, the Canadian Telecommunications Carriers Association, and Manitoba Telephone System in cooperation with Northern Telecom Canada Ltd. and Infomart. Negotiations are currently underway to continue the trial in its present format sponsored by MTS and the Department of Communications. It is hoped that the trial will demonstrate how, in the future, fibre optics technology may best be utilized to benefit Canadians in rural areas.

DIGITAL SWITCHING

A digital telephone switch, capable of handling both long distance and local calls, was installed in the downtown Winnipeg Main switching office in the summer of 1982.

Digital switching, with its computer-based flexibility, can route calls, as well as data, more quickly and efficiently than older electro-mechanical equipment.

The local portion of the switch is currently serving customers with prefixes 942 and 946 in Winnipeg. They now have access to additional calling features, such as call forwarding and speed calling, unavailable through the older switching equipment.

The new switch also provides diversity in MTS' toll switching capabilities. Previously, MTS' main long distance switching and transmission equipment was all located at the Fort Rouge building. The establishment of an alternate routing system is significant because it can ensure toll access in the event of a failure at one site.

Customers in Portage la Prairie benefitted from the most advanced switching technology available when a new local telephone switch was placed in service in October, 1982. This new local digital switching equipment allowed the introduction of custom calling features to Portage customers.

This new switch replaced mechanical equipment which could not accommodate further growth. Rather than expand the older switch, MTS took the opportunity to install the new digital equipment which will meet the telecommunications needs of Portage customers well into the future. As well as being easy to expand, a digital switch is more compact, flexible, and serviceable than mechanical equipment.

CABLE TELEVISION

As a common carrier of television signals in the Province, the Manitoba Telephone System continues to contribute significantly to the extension of Broadcast Services in Manitoba.

In 1978, MTS completed the Inter-City Broadband Network to Brandon and Selkirk, introducing cable television service to Portage la Prairie, Brandon, Selkirk, and Carberry. This unique coaxial carrier system was subsequently extended to Minnedosa, Neepawa, Rivers, Stonewall, Elie-St. Eustache, and Beausejour with Carman, Morden, and Winkler also being serviced through MTS microwave facilities. Construction of Local Broadband Networks and the introduction of cable television services were completed during the 1982/83 fiscal year in Grandview, Gilbert Plains, Birtle, Melita, Russell, MacGregor, Steinbach, and Lynn Lake.

These major extensions of services support the Provincial policy of extending an acceptable level of television programming to all Manitoba centres.

Other services inaugurated during the past year include CBC stereo service to Brandon, utilizing the MTS microwave network; CBC television to Poplar River, Brochet, and Shamattawa via satellite; and CKND television service to Minnedosa, using the Inter-City Broadband Network.

ADMINISTRATIVE

Audrey Flood and Robert Alan Scramstad were appointed to the MTS Board of Commissioners effective August 11, 1982. Their appointments brought the total number of Board members to seven.

John J. Coyne was appointed Policy Development Manager on April 5, 1982.

Maurice J. Provencher was appointed to the position of Operating Officer of MTX Telecom Services Inc. effective May 1, 1982. MTX is a wholly-owned subsidiary of MTS formed to undertake external contracts.

Ed Webber assumed the duties of Product Development Manager for a two-year period commencing June 1, 1982, while retaining his responsibilities as Mobile Communications Manager.

ACKNOWLEDGMENTS

The System is grateful for the interest shown in its activities during the 1982-83 fiscal year by the Ministers responsible for the administration of the Manitoba Telephone Act: the Honourable Leonard S. Evans and subsequently, the Honourable John S. Plohman.

During the past year, MTS employees were called on to adapt to internal constraints resulting from the System's financial circumstances and to exercise cost controls in their own areas of responsibility. The System gratefully acknowledges the support and understanding shown by employees during this difficult period and sincerely thanks those who devised helpful suggestions to deal with the financial situation.

FINANCIAL STATEMENTS

MANAGEMENT'S REPORT

The integrity and objectivity of the financial statements and accompanying notes in the annual report are the responsibility of management.

To fulfill this responsibility, the Manitoba Telephone System maintains internal control systems to provide reasonable assurance that the books and records, from which the financial statements are derived, accurately reflect all transactions and that established policies and procedures are followed. The internal control systems are supported by regular reviews by internal auditors and by examination of the financial statements by Arthur Andersen & Co., independent chartered accountants.

The responsibility of the Board of Commissioners for the statements is pursued principally through its Audit Committee, which meets periodically with management and the internal and external auditors, to review accounting controls, results of audits and accounting principles and practices.

The external auditors have full access to the Audit Committee both with and without management present. Their report, which provides an independent review of the system of internal controls and the compliance of the statements to generally accepted accounting principles, follows.

On behalf of management:

General Manager

Director of Finance

ARTHUR ANDERSEN & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

We have examined the balance sheet of THE MANITOBA TELEPHONE SYSTEM (a Manitoba corporation) as of March 31, 1983 and the related statements of operations and reinvested earnings and sources of funds used for construction for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of The Manitoba Telephone System as of March 31, 1983 and the results of its operations and sources of funds used for construction for the year then ended in conformity with the basis of accounting described in note 1(a) applied consistently with that of the preceding year.

Chartered Accountants

Winnipeg, Canada
June 2, 1983

THE MANITOBA TELEPHONE SYSTEM

STATEMENTS OF OPERATIONS AND REINVESTED EARNINGS

FOR THE YEARS ENDED MARCH 31, 1983 AND 1982

	1983	1982 (Note 13)
	(in thousands of dollars)	
OPERATING REVENUES		
Long distance service	$154,024	$147,341
Local service	92,301	83,728
Miscellaneous (Note 2)	18,057	15,678
Less uncollectible operating revenues	(2,114)	(2,193)
	$262,268	$244,554
OPERATING EXPENSES		
Maintenance	$ 45,919	$ 43,157
Depreciation	75,838	68,776
Traffic	13,731	12,993
Commercial and marketing	25,603	22,578
General and administration	47,529	44,905
Operating taxes (Note 3)	6,108	4,398
	$214,728	$196,807
NET OPERATING REVENUES	$ 47,540	$ 47,747
OTHER REVENUES (note 4)	14,273	11,832
NET REVENUES BEFORE DEBT CHARGES	$ 61,813	$ 59,579
DEBT CHARGES (note 5)	58,306	53,397
NET REVENUES FOR THE YEAR	$ 3,507	$ 6,182
REINVESTED EARNINGS AT BEGINNING OF YEAR	94,876	88,694
REINVESTED EARNINGS AT END OF YEAR	$ 98,383	$ 94,876

The accompanying notes are an integral part of these statements.

BALANCE SHEETS — MARCH 31, 1983 AND 1982

ASSETS

	1983	1982 (Note 13)
	(in thousands of dollars)	
TELECOMMUNICATIONS PROPERTY		
Buildings, plant and equipment	$930,735	$834,805
Less accumulated depreciation	375,362	313,908
	$555,373	$520,897
Land	5,698	4,583
Materials and supplies	8,164	7,580
Plant under construction	33,013	32,895
	$602,248	$565,955
INVESTMENTS (Note 6)	$ 2,976	$ 1,566
INVESTMENT FUND (Note 7)	$ 29,732	$ 27,717
CURRENT ASSETS		
Temporary cash investments	$ 22,234	$ 10,430
Accounts receivable	32,289	29,382
Prepayments	5,859	4,086
	$ 60,382	$ 43,898
DEFERRED CHARGES		
Unrealized foreign currency losses less amortization	$ 19,511	$ 30,206
Unamortized long-term debt expenses	3,830	3,747
Preliminary engineering and miscellaneous	2,055	1,775
Deferred employee benefit, less amortization	3,740	4,156
	$ 29,136	$ 39,884
	$724,474	$679,020

Approved on Behalf of the Board

D. H. Miller Chairman

The accompanying notes are an integral part of these statements.

LIABILITIES

	1983	1982 (Note 13)
	(in thousands of dollars)	
DEBT		
Long term debt (Note 8)	$607,023	$556,099
Less sinking fund investments	47,757	41,263
	$559,266	$514,836
Mortgage payable	2,462	—
Notes payable	4,800	14,450
	$566,528	$529,286
REINVESTED EARNINGS	$ 98,383	$ 94,876
DEFERRED EMPLOYEE BENEFIT	$ 12,514	$ 10,906
CURRENT LIABILITIES		
Outstanding cheques less cash in bank	$ 3,798	$ 2,710
Accounts payable and accrued liabilities	26,034	27,584
Advance billings and payments	2,630	2,436
Accrued interest	14,587	11,222
	$ 47,049	$ 43,952
COMMITMENTS (Note 9)		
	$724,474	$679,020

Commissioner

STATEMENTS OF SOURCES OF FUNDS USED FOR CONSTRUCTION
FOR THE YEARS ENDED MARCH 31, 1983 AND 1982

	1983	1982 (Note 13)
	(in thousands of dollars)	
SOURCES OF FUNDS		
Internal		
From operations including charges which do not involve an outlay of funds	$ 81,557	$ 84,674
Investment fund	1,985	—
	$ 83,542	$ 84,674
External		
Sale of investments	—	520
Notes payable	4,800	14,450
Province of Manitoba advances	65,000	87,626
Mortgage, net of principal reduction	2,462	—
	$155,804	$187,270
FUNDS USED FOR OTHER THAN CONSTRUCTION		
Repayment of Province of Manitoba advances	$ 4,900	$ 57,258
Less payment from sinking fund	341	7,358
	$ 4,559	$ 49,900
Repayment of notes payable	14,450	15,570
Contribution to sinking fund	6,835	6,129
Contribution to investment fund	4,000	5,568
Payments toward deferred employee benefit	433	466
Increase in investments	1,410	881
Increase in working capital	13,387	4,351
	$ 45,074	$ 82,865
TOTAL FUNDS PROVIDED FOR CONSTRUCTION	$110,730	$104,405
FUNDS USED FOR CONSTRUCTION		
New telecommunications property added	$111,131	$103,692
Cost of removing old property	1,266	2,438
	$112,397	$106,130
Less salvage value of property retired	1,667	1,725
TOTAL FUNDS USED FOR CONSTRUCTION	$110,730	$104,405

The accompanying notes are an integral part of these statements.

THE MANITOBA TELEPHONE SYSTEM

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1983 AND 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles, except for the accounting for pension costs as set out in Note 10. The system of accounts and practices are similar to those used by other TransCanada Telephone System members.

(b) Basis of Presentation

The investment in the wholly-owned subsidiary, MTX Telecom Services Inc. has been accounted for by the equity method (see Note 11).

(c) Telecommunications Property

Telecommunications property is recorded at original cost including materials, direct labour and overhead costs which vary with the level of construction. In addition, The Manitoba Telephone System (the "System") includes the cost of funds used to finance the construction, based on the duration of the projects.

(d) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of telecommunications property by applying rates which are based on a continuing program of engineering studies.

When depreciable telephone property is retired, the original cost of such property, adjusted by any disposal proceeds and costs of removal, is charged to accumulated depreciation.

(e) Translation of Foreign Currencies

Foreign currencies have been translated into Canadian funds at rates of exchange on the following basis:

i) long term debt at rates prevailing at March 31, 1983;

ii) accrued interest at rates prevailing at March 31, 1983;

iii) debt charges at rates prevailing at the date of each transaction.

The unrealized loss resulting from the policy of using rates prevailing at March 31 is being amortized over the remaining term of the debt.

(f) Deferred Employee Benefit

The deferred employee benefit represents a sick leave vesting plan. The initial cost of this plan, which became effective June 1, 1977, is being amortized on a straight-line basis over fifteen years. The annual sick leave entitlements subsequent to June 1, 1977 are being accrued and charged to expense in the year to which they relate. Payments to employees on termination are being charged to the deferred liability.

2. MISCELLANEOUS OPERATING REVENUE

	1983	1982 (Note 13)
	(in thousands of dollars)	
Miscellaneous operating revenue includes:		
Directory advertising	$13,391	$11,474
Rentals and attachments	3,968	3,729
Other	698	475
	$18,057	$15,678

3. OPERATING TAXES

This category represents grants to municipalities in lieu of property taxes, the System's portion of Canada Pension Plan and Unemployment Insurance, the Provincial Payroll Tax and general levies.

4. OTHER REVENUES

	1983	1982 (Note 13)
	(in thousands of dollars)	
This group of revenue includes:		
Interest earned on investments	$10,125	$ 9,073
Surcharge on overdue accounts	1,335	961
Interest charged to construction	1,287	668
Net recoveries from foreign contracts	320	270
Miscellaneous, net	1,206	860
	$14,273	$11,832

5. DEBT CHARGES

	1983	1982 (Note 13)
	(in thousands of dollars)	
Debt charges includes:		
Interest on long-term debt	$51,968	$44,781
Amortization of unrealized foreign currency losses	2,626	5,568
Amortization of long-term debt expenses	729	673
Other interest expense and debt charges	2,983	2,375
	$58,306	$53,397

6. INVESTMENTS

	1983	1982 (Note 13)
	(in thousands of dollars)	
MTX Telecom Services Inc.		
60,001 (1982 - 20,001) Common shares, at cost	$ 1,500	$ 500
Net operating advances	712	381
Deficit	(235)	(314)
	$ 1,977	$ 567
Telesat Canada		
99,900 Common shares, at cost	999	999
	$ 2,976	$ 1,566

7. INVESTMENT FUND

During the year the Board of Commissioners approved net additions to the fund of $4,000,000 and withdrawals from the fund of $1,985,000. The fund is comprised of short-term investments held in trust by the Minister of Finance of the Province of Manitoba. Interest on the fund is recorded as income in the period it is earned.

8. LONG TERM DEBT

	1983			1982 (Note 13)
	Outstanding at rates prevailing March 31, 1983	Foreign exchange adjustment Note 1(c)	Outstanding at rates prevailing when debt incurred	Outstanding at rates prevailing when debt incurred
	(in thousands of dollars)			
PROVINCE OF MANITOBA ADVANCES				
Series 10P, 4 ½%, due November 1, 1983 (98.6 million Swiss Francs)	$ 58,437	$ 9,315	$ 49,122	$ 49,122
Series 10E, 9 ¼%, due December 9, 1985 (26.5 million Units of Account)	36,651	3,106	33,545	34,576
Series 10J, 8.6% due February 28, 1987 (9.4 billion Japanese Yen)	48,588	13,775	34,813	38,683
Series 11M, 13 ¼%, due October 13, 1987	65,000	—	65,000	—
Series 10V, 9 ¾% due December 1, 1988	25,000	—	25,000	25,000
Series 11E, 14 ¾%, due July 1, 1991 (40.0 million U.S. Dollars)	49,355	1,393	47,962	47,962
Series 11J, 15 ¼%, due March 31, 1992	40,000	—	40,000	40,000
Series 10T, 9 ¾% due May 15, 1998	12,090	—	12,090	12,090
Series 11A, 10 ¼%, due August 1, 1999	20,000	—	20,000	20,000
Series 9X, 10%, due December 5, 1999	10,000	—	10,000	10,000
	$365,121	$ 27,589	$337,532	$277,433
BONDS PAYABLE				
Debentures issued by the System fully guaranteed by the Province				
Series 1B, 5 ½%, due November 15, 1983	$ 15,000	$ —	$ 15,000	$ 15,000
Series 1D, 5 ¼%, due December 1, 1984	12,000	—	12,000	12,000
Series 1C, 5 ½%, due December 2, 1986	12,500	—	12,500	12,500
Series 1J, 7 ¾%, due February 15, 1989	10	—	10	10
Series 1M, 8%, due September 15, 1989	108	—	108	108
Series 1E, 5%, due January 15, 1991 (14.5 million U.S. Dollars)	17,892	2,312	15,580	15,580
Series 1N, 7 7/8%, due November 15, 1991	20,000	—	20,000	20,000
Series 1F, 6 ¼%, due December 1, 1991	20,000	—	20,000	20,000
Series 1Q, 6 ½%, due January 3, 1992 (80.0 million Swiss Francs)	47,392	22,352	25,040	25,040
Series 1G, 7%, due February 16, 1993	20,000	—	20,000	20,000
Series 1P, 7 7/8%, due March 15, 1993	10,000	—	10,000	10,000
Series 1T, 10%, due July 2, 1995	10,000	—	10,000	10,000
Series 1U, 10 ½%, due May 1, 1996	20,000	—	20,000	20,000
Series 1S, 8 ¼%, due March 1, 1999	37,000	—	37,000	37,000
	$241,902	$ 24,664	$217,238	$217,238
	$607,023	$ 52,253	$554,770	$494,671
Foreign exchange adjustment				61,428
Outstanding at rates prevailing March 31, 1982				$556,099

For Series 10E, both annual interest and principal on maturity are payable in a currency of exchange at the choice of the holder.

Under the requirements of The Manitoba Telephone Act, the System is required to pay to the Minister of Finance of the Province of Manitoba, as trustee for the sinking fund, an amount which is not less than 1% of the long-term debt outstanding at the end of the preceding fiscal year and 4% of the sinking fund balance at the end of the preceding fiscal year. The market value of the investments held in the fund at March 31, 1983 is $39,254,000 (1982 — $35,088,000).

If the System incurs no new long-term debt and assuming exchange rates at March 31, 1983 remain unchanged, the following payments will be required to meet sinking fund conditions and debt retirements:

Year ending March 31	Sinking fund payments	Debt retirement
	(in thousands of dollars)	
1984	$7,980	$77,671
1985	7,347	26,308
1986	7,244	19,008
1987	7,344	33,993
1988	7,210	65,000

9. COMMITMENTS

Purchase Commitments —

Commitments at March 31, 1983, relating principally to the purchase of equipment for future delivery and uncompleted contracts, were approximately $15,034,000.

Lease Commitments —

The Manitoba Telephone System rents buildings and construction and other equipment under operating leases. The aggregate annual rental of the commitments under the leases, which expire at varying dates to March 31, 1988, are:

1984	$2,576,000
1985	1,720,000
1986	612,000
1987	76,000
1988	23,000

10. PENSION

Employees of the System are pensionable under the Civil Service Superannuation Fund and make contributions at prescribed rates. The System is required to pay 50% of the Fund's pension disbursements made to retired employees. The payments are charged to general and administration expenses as incurred.

An actuarial evaluation of the Fund was conducted as at December 31, 1980. The results of the evaluation indicate that at the date of review the employees' portion of the Fund was in a sound financial position.

According to the formula contained in the report issued after the evaluation, the unrecorded liability which the System had at December 31, 1982 as a result of the participation of employees under the Civil Service Superannuation Act was:

(a) if no allowance is made for future increases in pension due to increases in the cost of living, $83,454,000

(b) if allowance is made for future increases in pension due to increases in the cost of living, $119,373,000

No provision is made in the accounts to fund current or past service costs.

11. MTX TELECOM SERVICES INC.

MTX Telecom Services Inc., a wholly-owned subsidiary, was incorporated on January 15, 1982 for the purpose of marketing telecommunications equipment and services primarily outside of Manitoba.

During the year, the System provided services to MTX Telecom Services Inc. at a cost to that subsidiary of $80,500. Services provided for these costs, included in operating expenses, were for accounting and other administrative services and office space rental.

The System sold surplus telephone equipment to MTX Telecom Services Inc. during the year valued at approximately $52,000. During the year, the System purchased $584,000 of new equipment from MTX Telecom Services Inc. and at March 31, 1983 there is a balance owing of $302,000 included in accounts payable and accrued liabilities.

Following is a brief summary of the financial statements of this company for the year ending March 31, 1983 with comparative figures for the period from January 15, 1982 to March 31, 1982 (in thousands of dollars):

11. MTX TELECOM SERVICES INC. (continued)

	1983	1982 (Note 13)
	(in thousands of dollars)	
Sales	$ 3,925	$ 242
Cost of sales	3,615	202
Gross profit	$ 310	$ 40
Operations expense	204	354
Operating income (loss)	106	(314)
Interest expense	27	—
Net income (loss) for the year	$ 79	$ (314)
Total assets	$ 3,207	$ 901
Total liabilities	1,942	715
Shareholder's Equity	$ 1,265	$ 186

12. CHANGE IN ACCOUNTING ESTIMATE

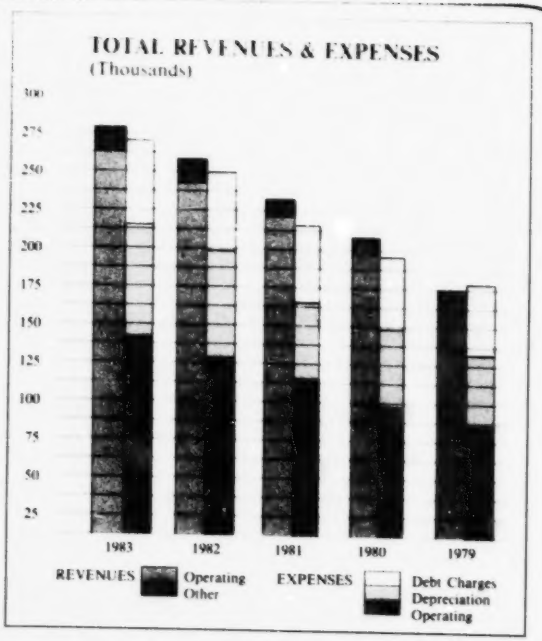
During the year ended March 31, 1982, the Manitoba Telephone System developed the capability to more accurately determine the amount of accrued sick leave vesting. In prior years, an estimate was used. It was determined that the actual sick leave vesting as at March 31, 1981 exceeded the recorded amount by approximately $2,287,000, of which $825,000 related to the initial cost of the plan. As a result of this change in accounting estimate, the following adjustments were recorded in 1982.

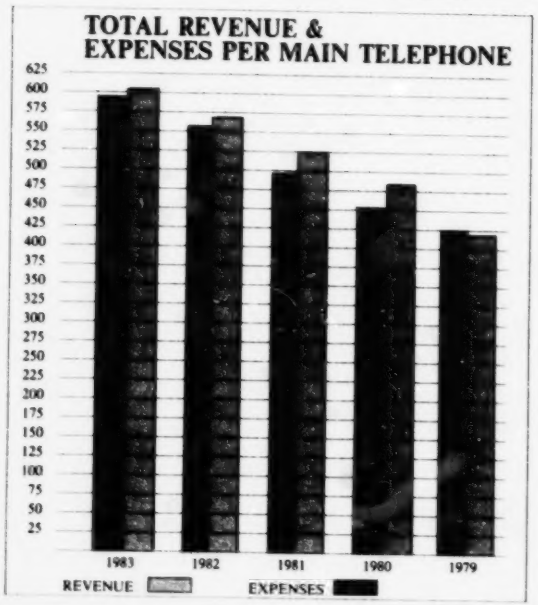
(a) $1,737,000 was charged to operations.

(b) $550,000 representing the unamortized balance of the increase in initial costs as at March 31, 1982 was deferred.

13. PRIOR YEAR'S FINANCIAL STATEMENTS

The balance sheet as of March 31, 1982 and the related statements of operations and reinvested earnings and sources of funds used for construction for the year then ended, which are presented for comparative purposes, were examined and reported on by chartered accountants other than Arthur Andersen & Co.

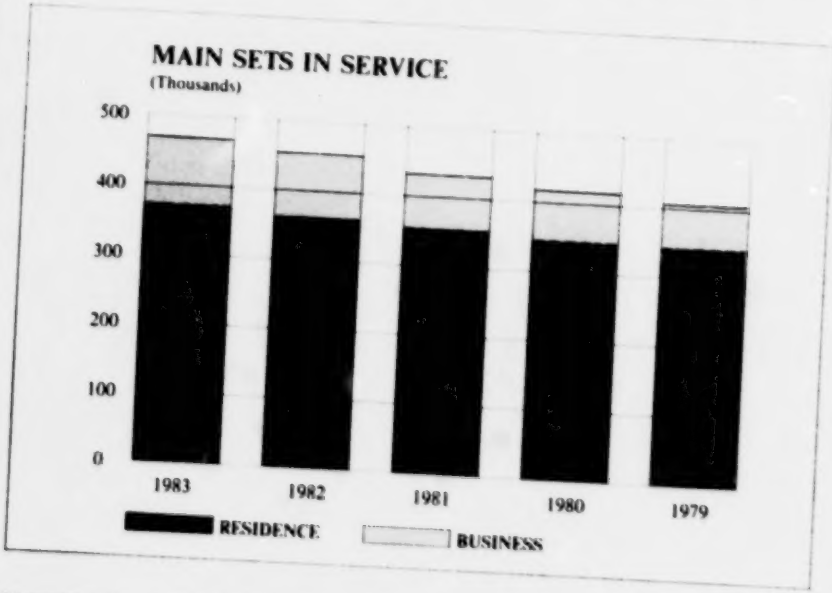


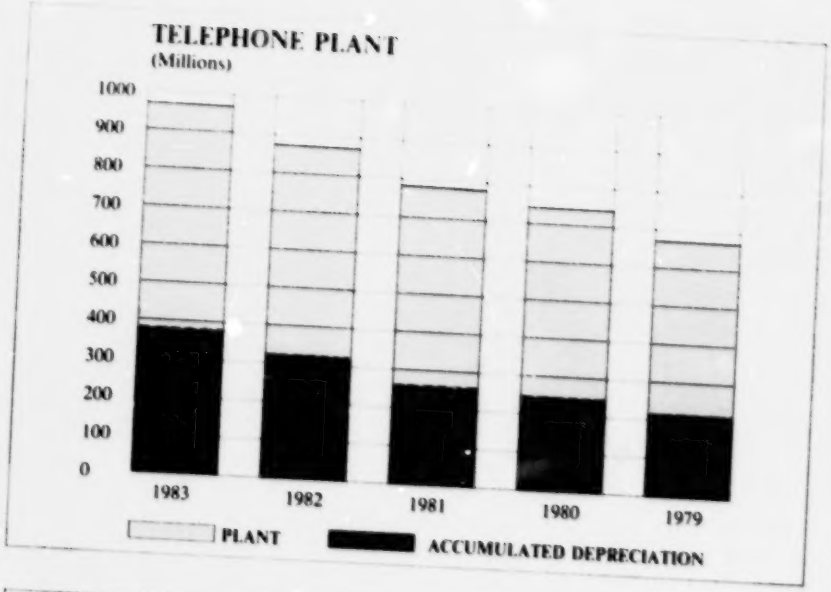


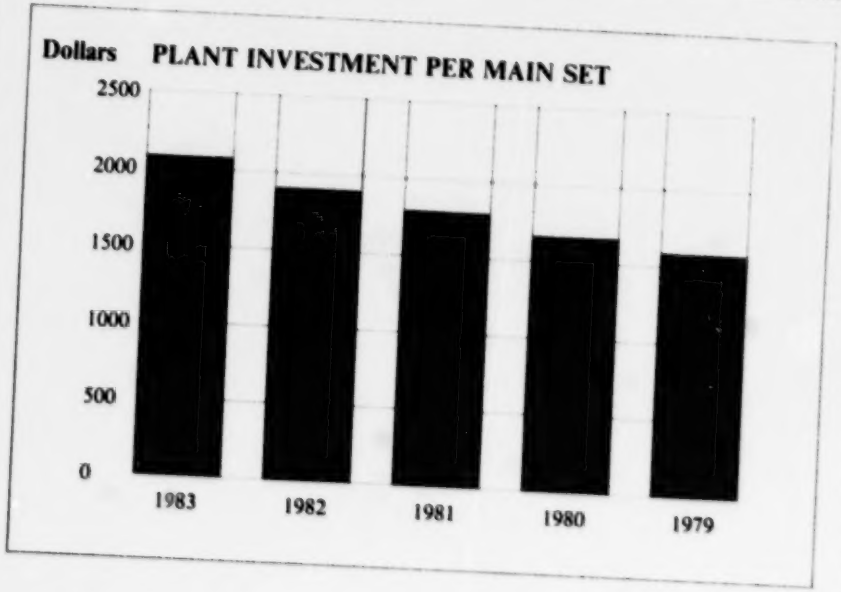
FIVE YEARS IN REVIEW

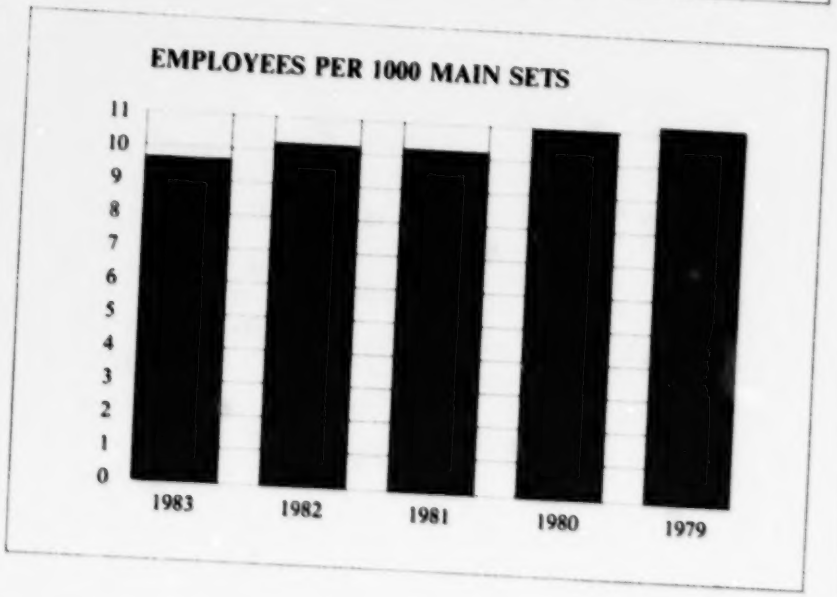
FOR THE YEAR ENDED MARCH 31

STATEMENT OF OPERATIONS (Thousands of Dollars)	**1983**	**1982**	**1981**	**1980**	**1979**
Total operating revenues	**$262,268**	$244,554	$221,073	$198,390	$169,981
Total operating expenses	**214,728**	196,807	164,616	142,961	124,186
Other revenues	**14,273**	11,832	8,767	9,064	5,987
Debt Charges	**58,306**	53,397	51,775	51,308	53,286
Net revenues (loss)	**3,507**	6,182	13,449	13,185	(1,504)
BALANCE SHEET (Thousands of Dollars)					
Telephone Plant	**$977,610**	$879,863	$793,034	$730,466	$676,560
Accumulated depreciation	**375,362**	313,908	263,376	230,709	205,576
Investment and sinking funds	**80,465**	70,546	66,160	60,992	38,259
Government advances	**365,121**	310,833	271,830	275,117	290,541
Bonds payable	**241,902**	245,266	263,435	268,523	271,301
Construction expenditures	**111,131**	103,692	82,741	72,941	71,164
Reinvested earnings	**98,383**	94,876	88,694	75,245	62,060
TELEPHONE STATISTICS					
Plant investment per main telephone	**$ 2,138**	$ 1,962	$ 1,814	$ 1,710	$ 1,620
Main Sets in Service					
Business	**81,336**	80,486	77,593	74,452	70,755
Residence	**375,812**	367,991	359,695	352,655	346,763
Total	**457,148**	448,477	437,288	427,107	417,518
Percent dial	**100.0**	100.0	100.0	100.0	100.0
Main Telephones added during year	**8,671**	11,189	10,181	9.589	9,479
Average daily local calls (in thousands)	**3,908**	3,820	3,675	3,646	3,599
Average daily long distance calls (in thousands)	**190**	182	166	154	141
OTHER STATISTICS					
Salaries and wages (in thousands)	**$114,549**	$105,456	$ 91,201	$ 82,708	$ 76,202
Number of employees	**4,499**	4,636	4,677	4,689	4,635
Employees per thousand main telephones	**9.8**	10.3	10.7	11.0	11.1
Long-term debt percentage of total invested capital	**84.7**	84.0	83.9	85.6	87.5
Debt charge coverage ratio	**1.1**	1.1	1.3	1.3	1.0
Effective average debt rate	**9.9**	9.5	9.5	9.4	11.0


MAIN SETS IN SERVICE
(Thousands)
500
400
300
200
100
0
1983
1982
1981
1980
1979
RESIDENCE
BUSINESS


TELEPHONE PLANT
(Millions)
1000
900
800
700
600
500
400
300
200
100
0
1983
1982
1981
1980
1979
PLANT
ACCUMULATED DEPRECIATION


Dollars
PLANT INVESTMENT PER MAIN SET
2500
2000
1500
1000
500
0
1983
1982
1981
1980
1979

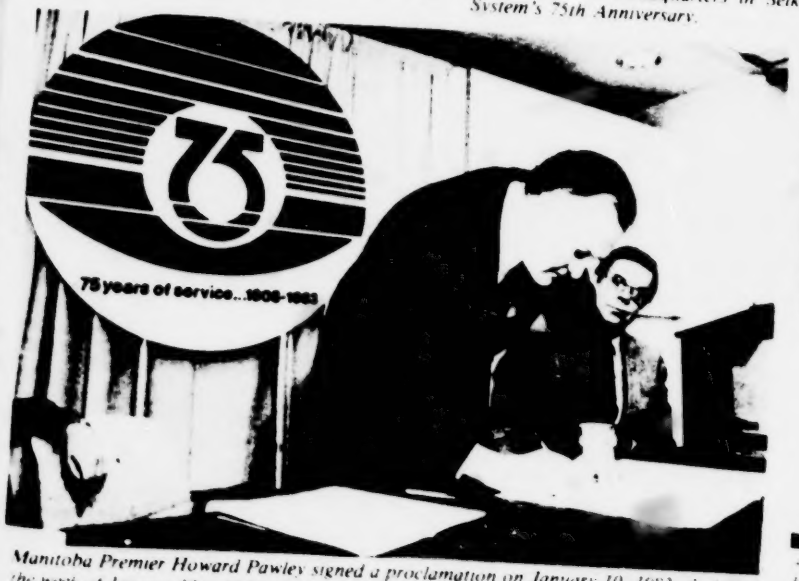

EMPLOYEES PER 1000 MAIN SETS
11
10
9
8
7
6
5
4
3
2
1
0
1983
1982
1981
1980
1979

As part of the System's 75th Anniversary events, Chairman Saul Miller presents a plaque to Brandon Mayor Ken Burgess commemorating the 1917 conversion of Brandon to dial telephone service. Brandon was the first community in Manitoba to have dial service.

The Honourable John S. Plohman, Minister Responsible for the Manitoba Telephone Act and Audrey Ettinger, Operator Services Manager-Selkirk, cut the cake on January 14 at the Eastern Region Headquarters in Selkirk to celebrate the System's 75th Anniversary.

Celebrating the System's 75th Anniversary on January 14, employees throughout Manitoba held coffee parties to commemorate 75 years of service. At the Administration building in Winnipeg, MTS Chairman Saul Miller cuts the birthday cake with employees Esther Maiert and Perry George, dressed in 1908 period costumes.

75 YEARS OF SERVICE . . . 1908-1983



Manitoba Premier Howard Pawley signed a proclamation on January 10, 1983, declaring the week of January 10 to 15 Manitoba Telephone System week in honor of its 75th birthday. MTS General Manager Gordon Holland looks on at the proceedings.

A visit from NASA astronaut Scott Carpenter was a major highlight of festivities held throughout the year celebrating MTS's 75th Anniversary. The Honourable Eugene Kostyra, Minister of Cultural Affairs (right) presents Scott Carpenter with 75th Anniversary souvenirs.

Actor Larry Mann (seated) visited with MTS during our 75th anniversary. Larry, seen here with employee Gerry Witt, is well known as "the Boss" in the promotion of Telecom Canada advertising.

POOR

QUALITY

ORIGINAL